

Iowa's Tuition and Textbook Tax Credit

Tax Expenditure Committee – November 27, 2017

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Tuition and Textbook Tax Credit

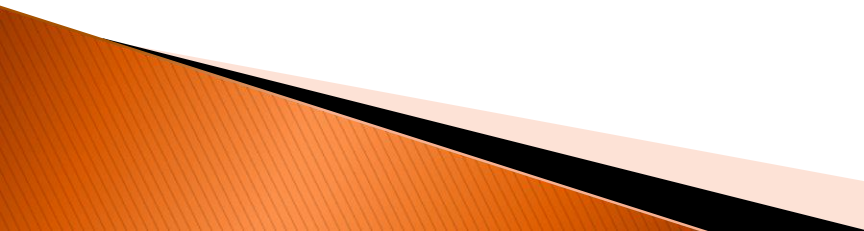
➤ Eligible Taxpayers

- One or more dependents attending Kindergarten through 12th grade in an accredited Iowa school

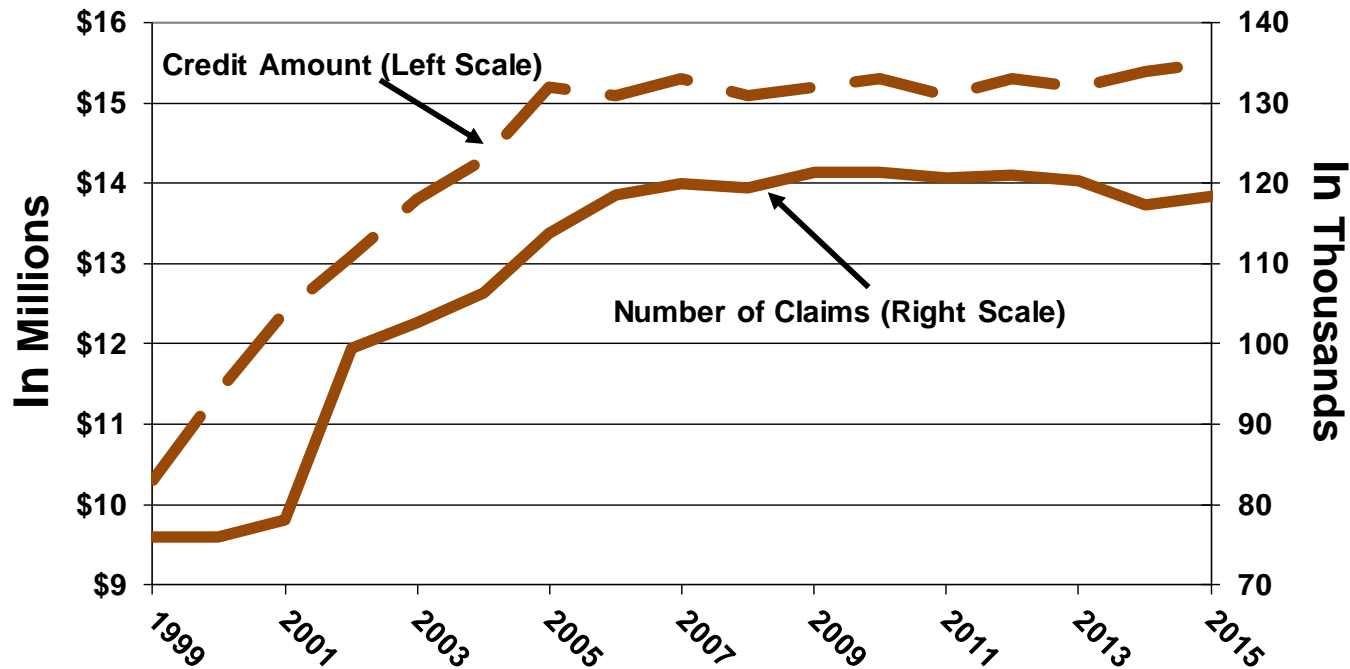
➤ Qualified Expenses

- Tuition, textbooks, fees, and equipment
- Homeschooling expenses do not qualify

➤ Calculation and Characteristics

- 25% of the first \$1,000 in qualified expenses for each dependent
 - Nonrefundable, no carry forward
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Annual Claimants and the Amount of Credits Claimed



- \$15.5 million in TTC credits claimed in TY 2015
- Last legislative modification to credit was in TY 1998

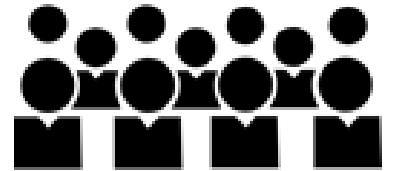
Tuition and Textbook Tax Credit Statistics, Tax Year 2015

Households



118,348

Dependents



258,409

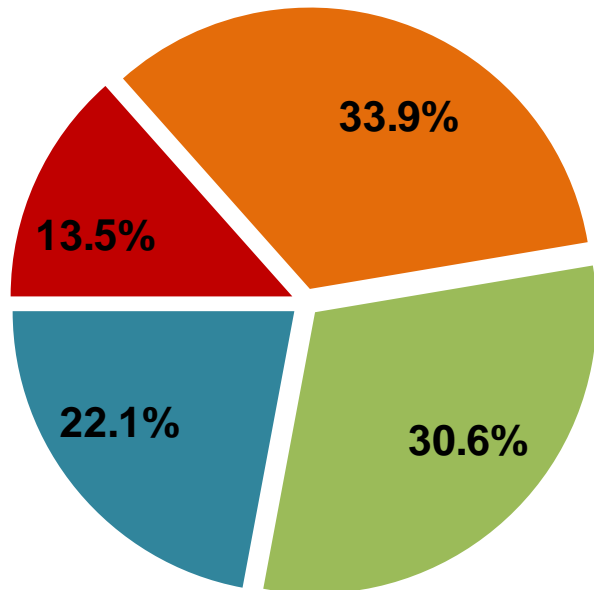
\$131
Avg Claim



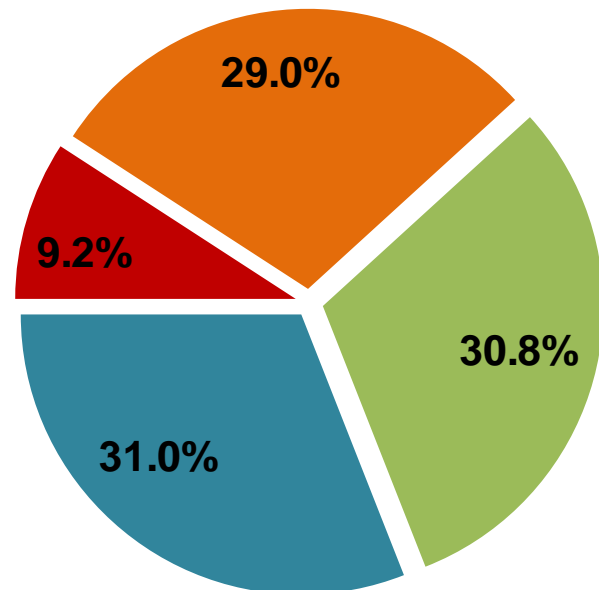
per
Household

Share of Claims and Credits by Adjusted Gross Income

Households



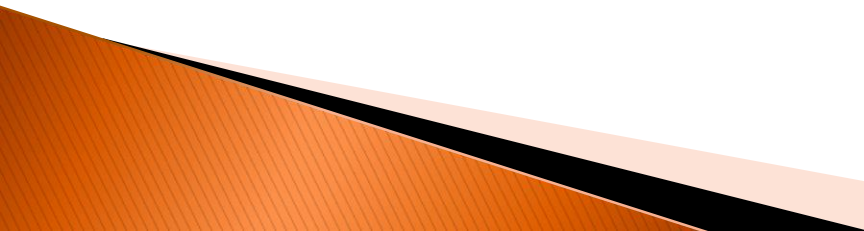
Credits



■ Less than \$40,000 ■ \$40,000 - \$79,999 ■ \$80,000 - \$124,999 ■ \$125,000 and over

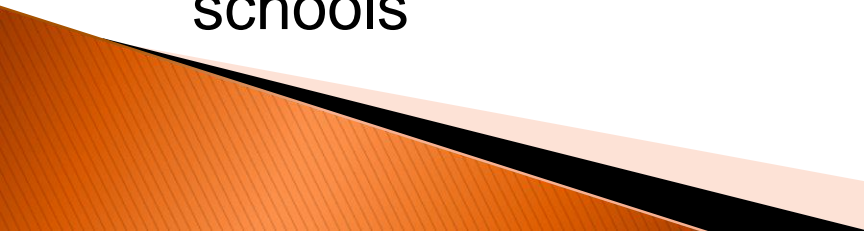
Share of Households with Maximum Tuition and Textbook Tax Credit

8.2%

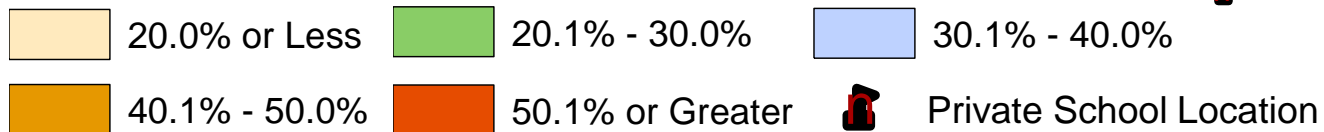
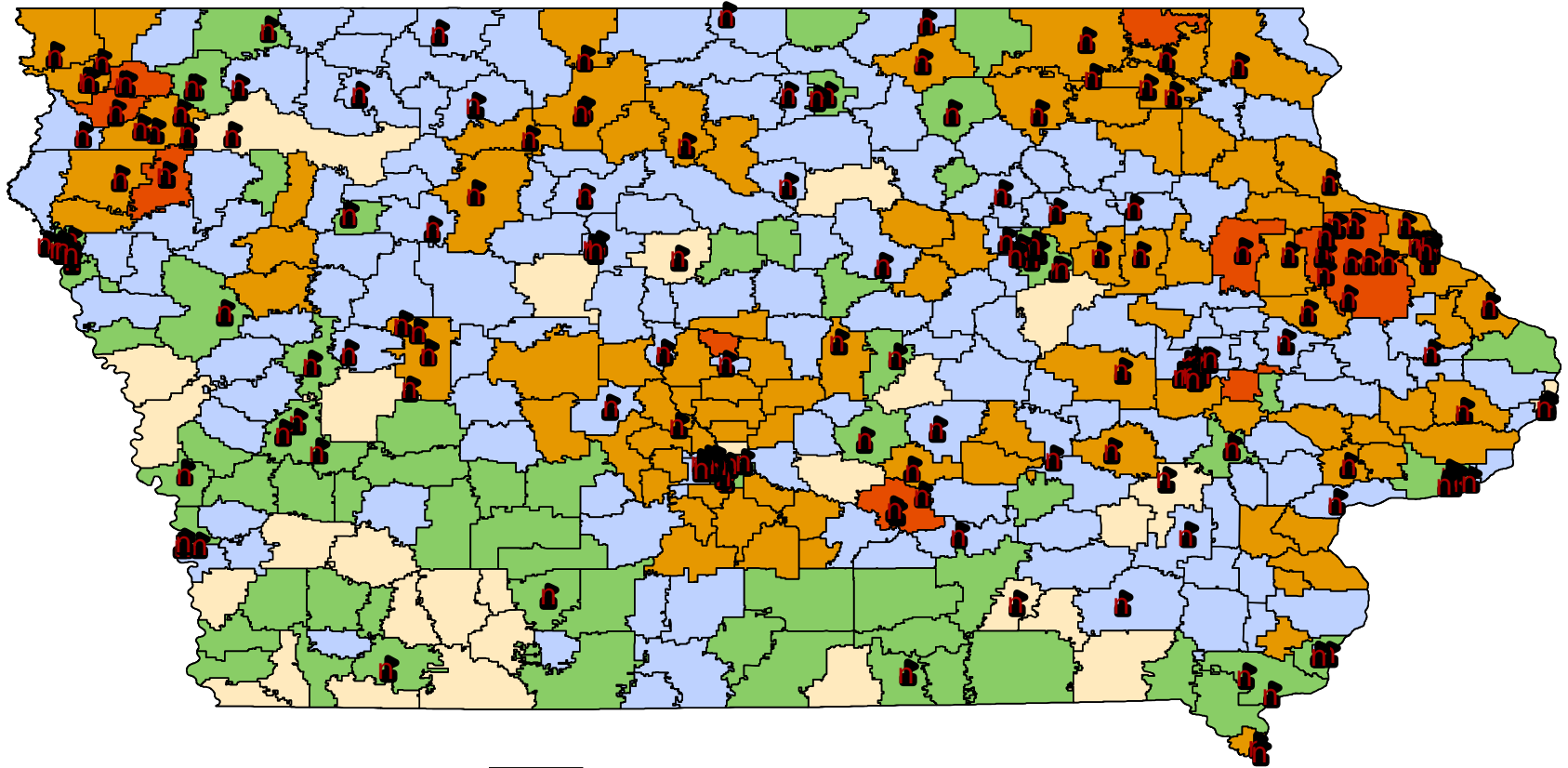
- ▶ Share of households claiming \$250 per dependent account for \$4.3 million or 27.7% in credits in Tax Year 2015
 - ▶ Assumed these households (9,694) have students (17,237) in private schools
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Tuition and Textbook Tax Credit Utilization Rate

33.8%

- ▶ Share of households claiming the credit among all Iowa households with dependents between age 5 and age 21
 - ▶ Although many of those households may not have eligible students, still many households likely missing the tax benefit
 - ▶ Highest utilization rates of the Tuition and Textbook Tax Credit appear to coincide with the location of private schools
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Utilization Rates by School District



Credit Claims by School District

- ▶ #1 Utilization Rate - Pella (56.3%)
 - ▶ #1 Number of Claims - Des Moines (5,932)
 - ▶ #1 Average Credit - Rock Valley (\$354)
 - ▶ #1 Credit per Pupil - Boyden-Hull (\$163)
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